

From: "Gillman, Richard A - TMS-DITT1" <ragillman@bpa.gov>
To: "TCarter@wapa.gov" <TCarter@wapa.gov>,
Date: 8/6/03 7:07PM
Subject: Bonneville Power Transmission Business Line Comments on Notice of Intent

Below is an e-mail copy of comments we would like Western to make part of your record. Please call me with any questions.

Best regards,

Rich Gillman
Transmission Account Executive
(360)418-2234

August 6, 2003

TO: Mr. Tom Carter
Power Operations Manager
Western Area Power Administration

From: Rich Gillman
Transmission Account Executive
Transmission Business Line
Bonneville Power Administration

RE: Comments on Notice of Intent, Operational Alternatives for Post-2004 Operations

After careful review, the Transmission Business Line (TBL) of the Bonneville Power Administration (BPA) is providing comments on the Western Area Power Administration's (Western) Notice of Intent, Operational Alternatives for Post-2004 Operations. TBL's comments pertain to the Western alternative identified as Forming a New Control Area and the operation of the California Oregon Intertie (COI). Western notes that the Malin-Round Mountain line and the California Oregon Transmission project (COTP) line are intended to be included in the proposed control area if that alternative is selected.

TBL recognizes the imperative for Western to address how transmission services will be provided when three long-term contracts expire with the Pacific Gas & Electric Company (PG&E). TBL is concerned about the continued effective operations of the COI. The proposed inclusion of the Malin-Round Mountain COTP lines represent 2/3 of the COI capacity. While the proposal in the Notice of Intent identifies that the California ISO (CAISO) and BPA will continue coordinate scheduling with the CAISO serving as path operator, TBL is concerned that there is not enough detail provided to effectively evaluate how the COI will be operated under the proposal.

The COI represents a significant resource for the Pacific Northwest and is essential to our and our Power Business Line's (PBL) financial well-being. The COI is also an important asset to energy markets in California. Given the COI's significance and TBL's operational experiences with it, we see it as essential that Western and the CAISO more completely specify how they intend to operate it. Of particular concern, for example, is how curtailments will be managed given the large volumes of schedules for COI. TBL has committed significant resources in addressing how to best manage curtailments and would like more specific assurance that the stability of the COI will be provided under the proposed new relationship identified in the Notice of Intent. As of this note, the CAISO indicates that they have no basis for which to provide such assurance.

In summary --- As you know, TBL is generally predisposed to reductions in the number of control areas in order to best serve western energy markets. While we recognize Western's imperative and can support a

decision to pursue the alternative identified as Forming a New Control Area given the CAISO's projected role in it, we require more information in order to remain supportive. We stand ready to work with both you and the CAISO on these details and believe we need to start these consistent with your timelines for making a decision: starting mid-September with your preliminary decision and concluding in November when you make your final decision. Without such discussions, we will not be able to remain supportive.

We look forward to continued dialogues.